

CITY OF DINUBA PETTY CASH POLICY

Petty cash funds are issued to Departments/Divisions to be used on a revolving basis for the payment of small emergency and incidental expenses. The fixed petty cash amounts should be restored at frequent intervals as needed and at the ending of each fiscal year. The amount of the replenishment should be equal to the expenditures.

The Petty Cash Administrator and the alternate(s) must be permanent, full time City employees. If at any time the Petty Cash Administrator or the alternates change, the Finance/Budget Services Manager should be notified in writing immediately.

The following amounts have been established and are designated to each department for Petty Cash Purposes:

Finance & Community Services, City Accountant	\$900.00
Finance & Community Services	\$500.00
Fire Services	\$400.00
Police Department	\$300.00
Police Department Informants	\$200.00
(This amount is to be kept with the other P.D. Petty Cash account, but should be handled separately.)	
Public Works	\$500.00

Except for the Police Department Informant account, the maximum amount for each petty cash transaction should not exceed \$70.00. For the Police Department Informant account the maximum transaction should not exceed \$200.00.

DISBURSEMENT OF PETTY CASH

Responsibilities of Petty Cash Administrator

- Insure that the usage of Petty Cash is necessary and that the item to be purchased will be used to support City operations.
- Complete a Petty Cash receipt. Which should include, the date, payee, description of item(s) to be purchased, account number to be used, and the amount of cash advance requested.
- The amount given to the purchasing employee should not exceed \$70.00 for each vendor's receipt.
- When Petty Cash is used for meals, verify that the same procedures/limits apply as stated in the travel policy.
- After the purchase has been made, valid receipt(s) should be submitted.
- If the actual purchase price is less than the cash advance, adjust and initial on the Petty Cash receipt next to the changes and ask for the remaining money. If the actual purchase price is more than the cash advance, adjust and initial next to the changes and reimburse the employee for the difference.
- Attach the submitted receipt(s) to the Petty Cash Receipt form and keep it with the Petty Cash.

RECONCILIATION/REIMBURSEMENT OF PETTY CASH

The amount of authorized Petty Cash account should always be equal to the total of the following:

- Currency on hand
- Petty Cash advance to purchasing employee
- Un-cashed replenishment check

Petty cash should be reconciled every time the Administrator requests the replenishment of the petty cash account.

To reconcile the petty cash, the Petty Cash Administrator should perform the following steps:

- Count and add all the currency on hand.
- Add up the amounts of the receipts.
- Compare the cash on hand and the amounts on the receipts with the amount of authorized petty cash fund. The two amounts should be in agreement.
- Explain any discrepancies.
- Prepare a Memo for approval to the Finance/Budget Manager requesting replenishment of Petty Cash funds. The memo should include the following:
 - Department/Division making request
 - Date of request
 - Account numbers to be charged
 - Total amount of disbursements to be replenished, Petty Cash account total and remaining cash on hand.
 - Name, title and signature of Petty Cash Administrator.
 - All supporting documents, i.e. vendor receipts, and Petty Cash receipts.
- Once approved, the memo will be forwarded to Accounts Payable for reimbursement.

NOTE: Checks should be cashed by the City Cashiers only.

CASH SHORTAGE/OVERAGE

If the Petty Cash fund is found to be short due to an error, then the short should be added to the next reimbursement as a charge against Miscellaneous Revenue account of the respective Department/Division. If the Petty Cash fund is found to be excess due to an error, then the excess should be subtracted from the next reimbursement as a credit to Miscellaneous Revenue account of the respective Department/Division. If the short is determined to be due to the negligence of the Petty Cash Administrator, the City may choose to impose discipline

RESTRICTIONS ON THE USE OF PETTY CASH

Since a Petty Cash fund is established primarily to take care of small City-related expenditures, it should not be used for the following purposes:

- Purchases that are expected and recurrent, that could be managed more appropriately through usage of a credit card or an issuance of an Accounts Payable check.
- Advance cash to City employees for temporary or personal use.

SECURITY OF PETTY CASH

It is the responsibility of the petty cash administrator to make sure that the petty cash box is in a safe and secure place at all times. Only the petty cash administrator and their alternate(s) should have access to the area where the petty cash box is located. After normal office hours, the petty cash box must be kept in a locked file cabinet, desk drawer, etc., to which only the Petty Cash Administrator and their alternate(s) should have the keys.

CITY ACCOUNTANT'S PETTY CASH FUND

The City Accountant has been designated with a checking account that serves as a Petty Cash fund for payments that need to be made by check, but for various circumstances cannot be processed through Accounts Payable, or paid by credit card. The limit to the amount that can be used through this account is at the City Accountant's discretion, but no greater than \$900.00. The usage of this Petty Cash is subject to approval from the Finance/Budget Services Manager.

REVIEW

The Petty Cash fund is subject to unannounced review by the City Accountant and external auditors. The petty cash fund, therefore, must consist at all times of cash and receipts on hand.